SBT e-file

Michigan Department of Treasury

Michigan Single Business Tax

Transmitters' e-file Handbook

2002

TABLE OF CONTENTS

SECTION 1   Introduction

1.1   General Information

Thank you for your interest in the Michigan Department of Treasury's (Treasury) Single Business Tax Electronic Filing (SBT e-file) Program. The Michigan SBT e-file Program was developed to provide Michigan taxpayers with the opportunity to use Internet technology to file Single Business Tax Returns. This publication provides you with information on how you can participate as a transmitter in the SBT e-file Program.

The following 2002 forms are eligible for SBT e-file:

C-8000   *SBT Annual Return not requiring payment*

C-8000C   *SBT Credit for Small Businesses and Contribution Credits*

C-8000D   *SBT Recapture of Capital Acquisition Deduction*

C-8000G   *SBT Statutory Exemption/Business Income Averaging*

C-8000H   *SBT Apportionment Formula*

C-8000ITC   *SBT Investment Tax Credit*

C-8000KC   *SBT Schedule of Shareholders and Officers*

C-8000KP   *SBT Schedule of Partners*

C-8000S   *SBT Reductions to Adjusted Tax Base*

C-8009   *SBT Allocation of Statutory Exemption, Standard Small Business Credit, and Alternate Tax for Members of Controlled Groups*

C-8010AGR   *SBT Adjusted Gross Receipts for Controlled Groups*

C-8020   *SBT Penalty and Interest Computation for Underpaid Estimated Tax*

C-8030   *SBT Notice of No SBT Return Required*

C-8043   *SBT Statutory Exemption Schedule*

C-8044   *SBT Simplified Return not requiring payment*

3307   *SBT Loss Adjustment Worksheet for the Small Business Credit*

Information from the following 2002 federal forms may be included when filing the C-8000, C-8044 or C-8030:

U.S. 1120 and Schedules A and E (Corporations)

U.S. 1120A (Corporations)

U.S. 1120S and Schedules A, D and K (S-Corporations)

U.S. 1040 and Schedules C, D and E (Individuals)

U.S. 1065 and Schedules A and K (Partnerships)

U.S. 1041and Schedule D (Fiduciaries)

U.S. 4797, Sales of Business Property

8825, Rental Real Estate Income and Expenses of a Partnership or S Corporation

SBT e-file is not available to taxpayers that file the following forms or meet the following conditions:

Taxpayer has not previously filed a paper SBT return with Treasury.

C-8000	*SBT Annual Return requiring payment**
C-8022	*SBT Farmland Preservation Tax Credit*
C-8044	*SBT Simplified Return requiring payment**
C-8000X	*SBT Amended Return*
C-8044X	*SBT Amended Simplified Return*
C-8000MC	*SBT Miscellaneous Credits*
4	*Application For Extension For Time To File Michigan Income Tax Returns*
1366	*Insurance Company Annual Return for SBT and Retaliatory Tax*

*Our goal is to accept SBT returns requiring payment in 2004.

Participation in the SBT e-file Program is voluntary. Treasury accepts application requests any time throughout the year.

1.2   Treasury Contacts

For Software Developers and Transmitters Only
For help with the SBT e-file program, software developers and transmitters may contact the Alternative Filing staff between the hours of 8:00 a.m. and 5:00 p.m., EST, Monday through Friday, except state holidays. When leaving a phone message, give as much detail as possible so that Treasury staff can research your question and have the answer ready when they call you back. Speak clearly and spell any difficult names.

This contact information is **for software developers and transmitters only** and enables Treasury to provide better service to the SBT e-file program participants.

Phone:	(517) 636-4450
	(517) 636-4999 (TTY Only)
Fax:	(517) 636-4444
Email:	MIefile2D@michigan.gov
	Include the words "SBT e-file" in the subject line.
Mailing Address:	Alternative Filing Programs
	Michigan Department of Treasury
	P.O. Box 30058
	Lansing, MI 48909

You may also visit our Web site at www.michigan.gov/treasury and look under the Business Category for more information.

For Taxpayers

Please provide **taxpayers** with the following phone number if they need to contact Treasury regarding their SBT returns:

SBT Customer Contact 517-636-4700

Customer Self-Service

Treasury is providing Self-Service to customers via the Web. From the comfort of your home or office, you have the ability to:

- Check the date Treasury is currently processing returns
- Ask Treasury a question
- Request copies of lost returns
- Check the status of your Single Business Tax return
- Verify all Single Business Tax payments for current period

Visit this site at http://www.michigan.gov/treasury. Click on "Business" then on "Self-Service."

1.3 Highlights and Important Information for Tax Year 2002

- Registration changes (name, address, phone number, filing date, discontinuance date, etc.) must be made by calling (517) 636-4660 or submitting form 163, Notice of Change or Discontinuance, which is available on our Web site at http://www.michigan.gov/documents/163f_2885_7.pdf.
- Taxpayers who choose SBT e-file will not receive Single Business Tax instruction books next year. Instead, they will receive reminder postcards encouraging them to again choose e-file to submit their SBT returns.
- The tax rate for the calendar year ending 2002 is 1.9%. It is possible the rate may be reduced to 1.8% for 2003. The 2003 rate should be available no later than December 1, 2002.

1.4 Key Dates

Deadline for Submitting SBT e-file New Application (Profile)	None
Begin Transmitter Testing	November 2002
Begin Transmitting Returns	January 2003
SBT e-file unavailable due to system maintenance	January 1-31, 2004

1.5 State of Michigan Holiday Schedule

September 2, 2002	Labor Day
November 11, 2002	Veterans' Day
November 28-29, 2002	Thanksgiving
December 24-25, 2002	Christmas
December 31, 2002	New Year's Eve
January 1, 2003	New Year's Day

January 20, 2003	Martin Luther King Jr.'s Birthday Observed
February 17, 2003	Presidents' Day
May 26, 2003	Memorial Day
July 4, 2003	Independence Day

1.6   Definitions
Electronic Return Originator (ERO) or Preparer
An ERO is the person or firm that constructs the return information for the taxpayer for the purpose of electronically filing a tax return.

Transmitter
A transmitter is the business or individual that submits the electronic return data to Treasury. Software developers, tax preparers, businesses and individual taxpayers can all be transmitters. To be a transmitter you must:
- Submit an SBT e-file New Application (Profile) request to Treasury;
- Pass the Treasury qualifications review and be accepted.

1.7   Program Compliance
Treasury will ensure transmissions are in compliance with the requirements outlined in this publication and the <u>SBT e-file Specifications and software Developer Guide</u>.

If after acceptance, a transmitter has production problems, Treasury reserves the right to suspend that transmitter until the problems are resolved to Treasury's satisfaction.

SECTION 2   SBT e-file Application (Profile)

2.1   General Information
An organization or individual interested in participating as a transmitter must submit an SBT e-file New Application (Profile) request to Treasury. To complete the application process, please visit our Web site at www.michigan.gov/treasury under the Business Category. Applications are processed within 1-2 business days. An acceptance letter will be mailed within one (1) week. Applications may be submitted at any time throughout the year.

In future years, **continuing participants** who have been previously accepted by Michigan do not need to resubmit an application. If there is a change in the information on file, participants should submit the updated information by using the Update Profile screen on the secure Web site.

Failure to apply may preclude transmitters from participating in the program.

Note: EROs do not need to apply to participate.

2.2   User Code and Password Assignments
Treasury will assign the transmitter a user code and password to e-file SBT return(s) information. This information will be provided in the acceptance letter and must be used when transmitting tax return information. It is the responsibility of the transmitter to keep this information secure.

SECTION 3   Transmitter Requirements

3.1   Transmitter Requirements

- Use Treasury-assigned user code and password to transmit.
- Successfully complete transmitter testing.
- Each transmission can contain up to 50 returns.
- Transmitters must retrieve acknowledgments from Treasury.

Once the return is transmitted and acknowledged, the transmitter is required to:
- Send or make available electronically the acknowledgment to the ERO within two (2) business days of retrieving the acknowledgment file, or
- Mail a written notification to the ERO within one business day of retrieving the acknowledgment file.
- Advise the ERO to retain a complete copy of the return and any supporting materials.
- Advise the ERO that an amended return, if needed, must be filed as a paper return and mailed to Treasury.
- Inform the ERO that refunds and correspondence will be sent to the legal address currently on Treasury's masterfile.

If the return is rejected, the transmitter must notify the ERO of the following:
- The return has not been accepted for processing.
- Date of rejection by Treasury.
- Explanation of the rejection code used by Treasury.

Instructions for transmitting compressed files:
- Currently only files compressed using ZIP or GZIP format can be transmitted.
    - ♦ Instructions for ZIP files:
        - File compressed using ZIP format must have an extension of .ZIP (i.e., myTransmission.zip).
        - Invalid or corrupted compression formats will be checked and rejected.
        - Multiple transmission files can be combined into one compressed ZIP file.
        - Transmission acknowledgments will be provided for each file within a compressed file.
        - You must retransmit only the transmission files that were rejected, not the entire compressed file.
    - ♦ Instructions for GZIP files:
        - File compressed using GZIP format must have an extension of .GZ or .GZIP (i.e., my transmission.gz).
        - Invalid or corrupted compression formats will be checked and rejected.
        - GZIP files can contain only one transmission file.
        - Individual GZIP files cannot be combined using a utilities like tar.

- Transmission acknowledgments will be provided for the transmission file within the GZIP file.

3.2 Unacceptable File Types

Files with certain extensions will not be accepted. The current list of unacceptable file extensions is listed below.

.386	.hta
.bat	.htt
.bin	.js
.com	.ocx
.cpl	.scr
.csh	.sh
.dll	.sys
.drv	.vxd
.exe	.wsh

If you receive the message: "File name with this extension cannot be transmitted." Please rename your file and transmit again.

> **Note:** If the Web Server is down, you will not be able to access the SBT e-file program.

SECTION 4   Transmitter Testing

4.1   Transmitter Testing

All transmitters must successfully complete the transmitter testing process with Treasury. Applicants must use Treasury-assigned user codes and passwords for system testing. For test purposes only, the returns in a single transmission must have been prepared using the same software package. System testing ensures that:

- SBT e-file specifications are met;
- the transmitter is able to send information to and retrieve information from Treasury;
- the transmitter understands the mechanics of e-filing;
- the TransmissionData at the beginning of the file and the TransmissionEndData at the end of the file are correct;
- the return count in the TotReturnCount field equals the total number of returns in the file;
- the sequence number for the day is incrementing properly by transmitting more than once on the same day;
- acknowledgments are picked up properly.

The transmitter system testing process is as follows:

- Enroll with Treasury by submitting an SBT e-file application request.
- Follow the guidelines in this Publication.
- Submit test file that contains Treasury test scenarios using approved software.
- Treasury will review the test transmissions and the results will be e-mailed back to the transmitter within 2-4 business days.

Note:

Transmitters may transmit test files as many times as necessary until Treasury grants approval to transmit live returns.

When transmitting files, if no response is received from Treasury after five minutes, the application may be experiencing problems. Please wait an hour and try again. You may also contact the Alternative Filing Office to report this difficulty.

4.2 Transmitter Acknowledgment Testing

Upon receipt of a successful test transmission, Treasury will process the file and generate test return acknowledgments. Transmitters must retrieve these acknowledgments from the test site by selecting Test Return Acknowledgments from the SBT e-file home page and entering their User ID and password.

To prevent duplicate postings to Treasury's system, the last digits of the test account numbers will be incremented. The first four digits of the test account numbers will not change. For example:

Test 1 account number = 38-1000000
Test 1 acknowledgment number could be 38-10000015

Transmitter must notify Treasury via e-mail indicating acknowledgments were retrieved successfully.

Treasury will issue a written approval for live SBT e-file transmissions.

SECTION 5   Acknowledgment System

5.1   General Information

Treasury will provide two types of acknowledgments. The first is a confirmation that the file transmission was successful. This confirmation is issued almost immediately after the transmission is complete. The second is an acknowledgment for each individual return record included in the file. This acknowledgment is available within 1-2 business days after successful transmission of a file.

5.2   File Transmission Acknowledgments

Upon successful transmission of a file, the transmitter will receive a message back from Treasury indicating the transmission has been received and the return acknowledgments will be available within 1-2 business days.

If a transmission is rejected, the transmitter will receive a message back from Treasury identifying the first error encountered in the file transmission. The transmitter should correct and retransmit the file. If you have questions, your XML programmer can help interpret the error message.

If any of the following conditions exist, the entire transmission will be rejected.

- Invalid file format – line number and reason referenced.
- Transmission data is missing or invalid.
- XML file doesn't validate against XML schema.
- Invalid production-test code (field TransType): P = Production, T = Test.
- Invalid total return count in TransmissionEndData.
- No returns within transmission.
- Return type (field ReturnID) left blank.
- Invalid return type.
- Account number (field FEIN) left blank.
- Invalid account number.
- File period (field EndFilePeriod) left blank.
- Name of business (field BusinessName1) left blank.
- Transmitter User ID (field TransUserCode) inside file must match User ID entered at sign-in.

5.3   Retrieving Acknowledgments

To retrieve return acknowledgments, select Return Acknowledgments from the SBT e-file home page and enter your User ID and password. Acknowledgments can be viewed by transmission date and/or file ID, or downloaded.

To receive a file of acknowledgments, click on the Download button in the search page or the search results page. You will be prompted to save a file with a default name of SBTReturnAcks_<userid>.xml, where <userid> is your transmission user id.

The file is in XML format and contains both the search condition and the results. For an exact definition of the file format, see XML schema file SBTACKS.xsd.

The acknowledgment screen will display information similar to the following:

File Id	Transmit Date	Account	Ending File Date	Trans Seq	Trans Return Seq	ERO EFIN	DCN Batch	DCN Seq	Status	Rejection Code
1234567	11/15/2002	38-1234567	12/2002	01	01	555666	01	01	REJ	01
1234567	11/15/2002	38-7654321	12/2002	02	02	555666	02	01	ACC	

5.4   Status Codes

Treasury will perform certain checks on the return during the acceptance process. All returns, whether e-filed or paper filed, are subject to Michigan audit, and can be delayed regardless of the acknowledgment code given. The acknowledgment codes are as follows:

- ACC = Electronic return was **accepted** and will be reviewed and processed.
- REJ = Electronic return was **rejected.** Rejections other than duplicates can be corrected and retransmitted to Treasury.

Reject Status Codes

Rejection Code	Form	Field No.	Description
10	C-8000 C-8044 C-8030		Duplicate return - return already received by Treasury.
20	All forms		Unauthorized Software Developer
30	C-8000 C-8044 C-8030		Electronic Signature Alternative is invalid
40	C-8000 C-8044 C-8030		Return filed on wrong year form.
50	C-8030		Adjusted gross receipts on C-8030 must be less than $250,000. If $250,000 or more, must file an annual return.

Transmitters should read the return reject code explanation before closing the acknowledgment window. The explanation is only available the first time the acknowledgments are retrieved.